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Bulgaria

Dairy and Products

Dairy Annual

2006

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Report Highlights:
The local dairy industry is actively preparing for introduction of CAP regulations in the dairy sector. Major challenges are the introduction of EU milk quality standards and the quota system. In 2007, milk supply is forecast to decline and demand for imported powder milk and whey to increase. Bulgaria will continue to be a net exporter of traditional local cheeses to non-EU markets.

Includes PSD Changes: Yes
Includes Trade Matrix: No
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Summary

Restructuring and commercialization of the dairy sector has continued in 2005 and 2006. This process was accompanied by shutting down of farms and processing plants due to inability to introduce EU requirements or due to tightening competition. Bulgaria has transposed the EU dairy legislation and currently makes significant efforts to implement it effectively. Dynamic processes in the industry along with CAP principles introduction are likely to negatively effect the sector in the short run (2007) and lead to increased imports of milk substitutes. At the same time, exports of traditionally strong export products such as local cheeses, are likely to have better prospects after the EU accession.

Agricultural policy - first steps to CAP

Legislation

The EU legislation in the dairy sector has been transposed in local regulations, most important of which being regulations about milk quotas, milk quality, and sanitary and safety standards (see Attachment 1). Currently, Bulgaria has a National Dairy Board and 8 Regional Dairy Boards. These industry structures will be the primary government partners in introduction of CAP legislation and dairy market mechanisms.

Milk quotas

Bulgaria is granted a total milk quota of 979,000 MT including 722,000 MT for processing and 257,000 MT for direct sales. There is a reserve quota of 39,180 MT which can be released by 2009 in case the milk for processing will increase at the expense of declining on-farm consumption, both for human and feed use. The referent fat content is 3.91%.

In mid-2006, Bulgaria introduced indicative milk quotas. Dairy farmers had to register their dairy animals, milk production, productivity etc. As of October 2006, dairy farmers already have indicative individual dairy quotas. The final quota distribution will be done at the end of the year based on the average production level for 2004 - 2006. The period April 1, 2006 to March 31, 2007 was introduced as a monitoring year for the milk quotas, and the actual introduction of the system will start on April 1, 2007.

As of July, 2006, the following official data re the milk quota distribution was released (source: MinAg). Please, note that there were dairy farmers who preferred to not apply for dairy quotas:
Dairy farmers who are granted an indicative quota- 117,026
Distributed quota - 854,319 MT at average fat content of 3.84%
Distributed quota for direct sales- 78,702 MT
Total distributed milk quota- 933,021 MT
National milk reserve- 45,979 MT

Milk quality

Bulgaria was granted a grace period for introduction of milk quality standards until 2009. According to Bulgaria's commitments, fresh milk quality indicators should reach 100,000 microorganisms/ml and 400,000 somatic cells/ml. These standards should be in place for all dairy producers by December 31, 2009. Starting January 1, 2010, milk which does not meet the above requirements will not be purchased and traded and can be consumed only on-farm. Producers of sub-standard milk will have the right to sell their milk quota or switch to on-farm consumption only.

The MinAg has introduced a Strategy and an Action Plan for improvement of fresh milk quality in the period 2006-2009 based on EU Regulation 853/2004/EEC. This plan introduces 3 categories of dairy farms depending on the milk quality. Two transitional periods are granted to dairy farms which produce non–EU standard milk: first, until end-2007, target reduction from 500,000 to 300,000 microorganisms/ml, and from 500,000 to 400,000 somatic cells/ml; and a second period; from January 1, 2008 until December 31, 2009, a target reduction from 300,000 to 100,000 microorganisms/ml, and up to 400,000 somatic cells/ml. In implementation of this plan, segregated purchases, transportation and processing of milk were introduced since September 1, 2006.

Current status of dairy farms, milk collectors/buyers and processors

Currently, the dairy sector is divided in three parallel segments:
1/ Farms, milk collectors/buyers and processors which use EU-standard milk. These establishments can export their products to the EU market and third countries, and will have no limitations in trade after EU accession. These dairy products will be stamped with "BG" abbreviation;
2/ Farms, collectors/buyers, and processors which can still produce non-EU standard milk. Pasteurization is obligatory for these processing units. Their dairy products will not bear the "BG" stamp. These establishments can produce and trade their products only on a territory of the country until 2009;
3/Dairy collectors/buyers and processors who have two segregated manufacturing lines or storage facilities to process standard and sub-standard raw milk. Depending on the quality of processed milk, these units can/can not sell processed products to the EU and third countries. Pasteurization of milk and/or aging of cheese for not less than 60 days is mandatory for products produced from sub-standard fresh milk.

Supply of fresh raw milk

See Tables 1,2,3,4. Please, note that some tables contain data in thousand liters and others in MT. See also Attachment 3. Methodological notes, for details.

Milk production at farms in 2005 was 5.6% lower than in 2004 at 1,508,069 MT, mainly due to lower number (negative growth of 5.7%) of dairy cows. The average milk yield per a cow in 2005 was 3,593 liters/cow.

Reduction in 2005 milk supply was seen for all types of milk with the exception of buffalo milk which has registered a steady growth since 2002. Other non-cows milk supply was lower due to decline in livestock – 2.7% down for ewes and 12.6% for she-goats. As a result, sheep and goat milk production was 10.7% and 15.7% down. The share of these types of milk in total milk supply was 7.0% and 7.2%, respectively. The average productivity was 83 liters/ewe and 210 liters/she-goat, or slightly lower than in 2004.

In general, non-cows milk supply tends to increase since 2001. As of today, both sheep and goat milk supply are at over 100,000 MT level per year. In the medium-long term, non-cows milk supply are likely to increase further due to higher ex-farm prices and good demand due to profitability at dairy processing level.

Overall, total milk production has stayed stable at about 1,500,000 MT since 2002. The 2004 milk production was record high reaching 1,600,000 MT due to various reasons such as higher number of dairy cows, good and cheep feed availability and related to it higher productivity.

In 2007, the number of dairy cows is likely go down due to introduction of CAP principles, dairy quotas and milk quality requirements etc. Local dairy industry forecasts further commercialization of the sector, lower number of farms of larger size, with improved genetics and dairy management. Currently, and in the next 1-2 years, a lot of small farms which are operating for on-farm consumption purposes only and consist of 1-2 cows, will be shut down either by the veterinary authorities or due to competition. As of the end of 2005, there were 126,000 such farms (1-2 dairy cows) which represented 83% of all dairy farms and 45% of all dairy cows. It is estimated that the initial drop in cow numbers will not be compensated immediately by higher productivity, thus lower milk supply is projected in 2007-2008.

Milk collection and processing

See Tables 2,3,4

Milk consumption pattern has changed over the last two years. In 2005, the share of collected milk for processing was 0.7% higher than in 2004, at 849,529 MT, which represented 56.3% of total milk supply compared 52.8% in 2004. Other uses of milk such as for direct sales and for on-farm human consumption declined by 15.4% and 7%, respectively, or on average 10.9% compared to 2004. The same was the trend with milk used for feeding purposes with a reduction of 32.7% compared to 2004. These trends have continued trough 2006, and are forecast for 2007 as well. It is expected that with the gradual introduction of EU dairy farm and dairy processing sanitary requirements, the share of milk for processing should be around 60% in 2006/2007.

The bulk of collected milk in 2005 was cows milk (94.6%), followed by sheep milk (5%) and goat/buffalo milk (0.4%). In 2005, dairies processed little more cows milk (0.7%) and sheep milk (1.7%) but less goat and buffalo milk (decrease of 16.4% and 2.1%, respectively).

Traditionally, the share of cows milk for processing to total cows milk production is the highest (62.4%) compared to non-cows milk, due to relatively larger size of farms and ongoing commercialization. This index (2005) was 40.6% for sheep milk, and 25.3% for buffalo milk. Fragmentation, small size and longer distances to sheep and buffalo farms are the main reason for lower share of milk used for processing.

Dairy processing industry

See Tables 5,6,7

In 2005, due to the restructuring of the dairy industry and introduction of more stringent sanitary and hygiene norms, many dairies were working with stoppages. Others have been shut down due to inability to introduce these standards. According to the MinAg, the number of dairies operating in 2005 (303 plants) were 11.1% less than in 2004.

The reduction in the number of dairies came mainly from small establishments which accounted for 16% of processed milk in 2005. Larger plants continued to account for the bulk of processed milk (84%) and their expansion on the market has continued thru 2006. In 2005, dairies which fully met the EU safety standards were 54 or 17.8% of total dairy plants. They accounted for 49.2% of total processed milk and for 48% of processed cows milk. Twenty six of these establishments accounted for 70% of processed sheep milk (28.9 million liters); four plants processed 72.3% of buffalo milk; and five dairies accounted for 38.7% of processed goat milk.

Supply of processed dairy products

See Tables 7, 8

Overall production of dairy products in 2005 was higher than in 2004. Products which enjoyed the highest growth were butter and butter oils, over 2-fold increase, cream (25%), and fluid drinking milk (23.3%). Yogurt output was little higher by 3.4%. Growth in cheese production was not significant as well, 3.1%, with the highest one for goat cheese (12.2%) and sheep cheese (6.7%). Traditional local white cheese (feta) output increased 5.8% while yellow cheese production was 8.8% down.

Prices

Milk

Ex-farm prices for cows milk in 2005 were 5.3% higher than in 2004 at 0.40 leva/liter ($0.27/liter). Prices fluctuated considerably from 0.33 leva/liter in June to 0.45 leva/liter in January and December.

Production cost of milk is affected mainly by expenses for feed. Over the last several years, feed expanses share in production cost has been about 70%. In 2005, average feed prices were lower than in 2004 (40.0% down for corn, 32% for feed wheat and 25% for feed barley) which, combined with higher ex-farm prices, resulted in better farmer profitability.

In the first half of 2006, feed prices increased, by 13%-14% for wheat and corn, and by 29% for feed barley. As a result, ex-farm milk price reached 0.43 leva/liter or 5% more than in 2005.

Processed dairy products

Processed dairy products prices in 2005 followed the trend in fresh milk prices and also increased, from 3.8% (butter) to 12.4% (cows cheese) for wholesale prices, and between 3.7% (sheep cheese) and 5.7%(cows cheese) for retail prices.

In the first half of 2006, wholesale and retail prices were stable but at a higher level than in 2005. Thus, wholesale prices were 3.2% (cows cheese) to 8.5% (yogurt) higher; followed by climbing retail prices: between 2.6% (butter) and 7.5% (yogurt).

Consumption

According to official data (National Statistical Institute), consumption of dairy products in 2005 was at 62.3 kilos per capita. This amount does not include dairy products consumed at food service outlets and at institutions. With the exception of fluid drinking milk whose consumption has declined since 2000 (from 28.9 liters/capita to 22.2 liters/capita), all other dairy products have registered a positive growth. The highest is consumption of yogurt, 25.7 kilos/capita.

Trade

See Tables 9 and 10. Please, note that the narrative in the report refers to total dairy products trade as shown in Table 9. Table 10 contains trade data only for those products (HS#) as required by the report instructions - this data is also used in the PSD tables.

Imports

In 2005, dairy imports have declined by 14.3% to about 21,000 MT ($32.3 million) mainly due to reduction in concentrated milk and cream products imports (HS# 0402).

Imports under this category were about 40% of total dairy imports ($13.0 million) as the highest was the share of powder milk, noon-fat and whole, 7,760 MT. This product is traditionally at demand due to local shortages of good quality milk for processing. Powder milk is primary used as a substitute of fresh milk but also as a food additive in the food industry. Local production is negligible. Similarly, whey which is also used as a fresh milk substitute and is not locally produced, enjoyed good demand. Imports in 2005 accounted for 32% of total dairy imports (6,668 MT) or an increase of 14.1% due to good demand and attractive import prices (average $760/MT) compared to $830-$1,730/MT average import price for powder milk. Although the tariff for whey was increased from 15% to 64% in 2004 under the pressure of local milk producers, imports have continued. For the first six months of 2006, total milk and dairy imports have increased by 9%, mainly due to higher imports of powder milk (23.1%) and whey (21.6%) compared to the same period in 2005.

Exports

Exports of dairy products continued to grow to about 19,000 MT ($53.5 million) or 19% more than in 2004 with a lion share, 85%, of cheeses (about 16,000 MT, $48.4 million).

Bulgaria is a traditional manufacturer and net exporter of cheeses. Major export markets are the U.S., Lebanon, Australia, and Greece. Yogurt is another major item for the local dairy industry but is not an exportable product. All other dairy products are manufactured in small volume and are not exported.

Trade forecast

Imports of dairy products have exceeded exports over the last 3 years in tonnage, however, in value, Bulgaria had a positive trade balance of $21.1 million (2005).

In 2006, no significant changes in dairy trade are likely. Products which show a trend of higher imports in 2006 vs. 2005 are fluid milk, dry whole milk and cream, and whey; with slightly declining imports of butter/ butter oils and cheeses. According to the MinAg analysis, total dairy imports in 2006 may reach 22,000 MT (21,000 MT in 2005). Dairy exports in the first half of 2006 are slightly down due to declining exports of butter/ butter oils and cheeses. The government, however, expects exports to reach 20,000 MT in 2006 compared to about 19,000 MT in 2005, due to likely growth in cheese exports.

In 2007, Bulgaria's accession to the EU is forecast to stimulate gradual increase in trade volumes, both exports and imports. It is likely that more establishments will look for imported milk substitutes of local non-EU standard milk or dry milk and whey. The expansion of retail and food service sectors are forecast to lead to higher cheese imports from the EU.

Trade regime

Tariffs

The Bulgarian Tariff Code can be found at www.customs.bg. Import tariffs for dairy products vary from 25% to 74%.

Trade preferences granted to EU, CEFTA, Croatia, Turkey, Macedonia, Serbia and Montenegro, and Albania can be found at the above web page (Attachments 3.2; 3.3; 4; 5; 7 ; 8.2).

Tariff Rate Quotas

See Table #11

There is a duty free TRQ for imports of EU origin powder milk and cream, 3,000 MT for the period July 1, 2006 – June 30, 2007. As per a Government decision (#38 of April 28, 2006), this quota is divided in 4 equal portions of 750 MT per a quarter, as imports are subject of imports licenses issued by the MinAg. Since the demand is always high, this TRQ is fully used.

Export Quotas

Bulgaria is granted an export TRQ for the EU for cheeses, HS#0406. In 2006, the size is 7,300 MT for the period July 1, 2006- June 30, 2007. Despite increased number of milk processing plants approved to export to the EU, the country is not able to fully use this quota, mainly due to still weak marketing strategies and tight competition. Bulgaria can also export 3,600 MT of powder milk, HS# 0402 10 (21) (July 1 ,2006- June 30,2007) and 840 MT of yogurt, HS# 0403, to the EU (July 1 ,2006- June 30,2007) at a zero duty, however, these quotas remain unused due to lack of local production of powder milk and tight competition in yogurt market in the EU.

There are smaller TRQ for exports to Serbia and Montenegro, Macedonia, Albania, Turkey, Israel, and Moldova (www.customs.bg)

Since 2004, Bulgaria has introduced export subsidies for cheeses. In 2005, the allocation was 262,500 leva of which 181,632 leva ($121,000) were used for exports of 444 MT of white cheese in brine, and for 202 MT of yellow cheese. The subsidy allocation for 2006 is 220,000 leva ($147,000) for exports of 530 MT of white cheese and 250 MT of yellow cheese.

Domestic support

In 2006, there are seven active support programs (Attachment #2). Most funding under these programs targets investment and less is allocated for direct production subsidies. The least is the allocation for export subsidies.

Table #1. Production of milk at farms, 2003-2005, MT

Production of milk at farms, 2003-2005, MT			
	2003	2004	2005
Cows milk	1,308,525	1,344,750	1,286,909
Buffalo milk	5,276	6,229	6,989
Sheep milk	88,679	117,682	105,057
Goat milk	101,530	129,381	109,114
Total milk	1,504,010	1,598,042	1,508,069
Source: MinAg Statistical Bulletin# 91			

Table #2. Total collected and processed milk in 2005

Total collected and processed milk in 2005			
Type	Quantity, 000 liters	Share in collected milk	Change 2005/2004
Cows milk	779,685	94.6%	0.7%
Sheep milk	41,212	5.0%	1.7%
Goat milk	1,973	0.2%	-16.4%
Buffalo milk	1,714	0.2%	-2.1%
Total	818,957	100%	
Source: MinAg Statistical Bulletin # 98			

Table #3. Production and use of milk in 2005, 000 liters

Production and use of milk in 2005, 000 liters			
	Total milk	Cows milk	Share of various uses of milk in total milk production in %
Processed at dairy establishments	824,584	779,685	56.3%
Direct sales from farms	249,327	200,035	17.1%
Own on-farm consumption	332,845	224,746	22.7%
Other use on farms (usually for feed purposes)	56,984	44,960	3.9%
Total produced milk	1,463,740	1,249,426	100%
Source: MinAg Statistical Bulletin # 98			

Table #4. Production and use of milk in 2004 and 2005, MT

Production and use of milk in 2004 and 2005, MT		
	2004	2005
Milk for processing		
Total	843,724	849,529
Cows milk only	797,538	803,076
Direct sales from farms		
Total	303,653	256,835
Cows milk only	281,352	206,036

On-farm consumption		
Total	363,449	343,017
Cows milk only	211,628	231,488
Other use (feeding)		
Total	87,216	58,685
Cows milk only	54,232	46,309
Total milk	1,598,042	1,508,066
Including cows milk	1,344,750	1,286,909
Source: MinAg Dairy Bulletin, June 2006		

Table #5. Structure of the dairy industry in 2005

Total processed milk at dairies in 2003-2005, in 000 liters			
	2003	2004	2005
Cows milk	779,685	774,310	791,918
Other type of milk	44,899	44,647	51,607
Total milk	824,584	818,957	843,525
Source: MinAg Statistical Bulletin # 98			

Table #6. Structure of the dairy industry in 2005

Structure of the dairy industry in 2005			
Category	Number of plants	Percent	Share in processed milk
Meeting EU standards	54	17.8%	49.2%
Expected to meet the EU standards	249	82.2%	50.8%
Total	303	100.0%	100.0%
Source: MinAg Statistical Bulletin # 98			

Table #7. Manufacturing of dairy products at the two categories of dairy establishments in 2005

Manufacturing of dairy products at the two categories of dairy establishments in 2005		
	At plants operating under EU standards	At plants expected to meet the EU standards by 2006
Fluid drinking milk	70.8%	29.2%
Butter and butter oils	78.5%	21.5%
White cheese	42.9%	57.1%
White sheep cheese	84.3%	15.7%
White buffalo cheese	66.5%	33.5%
White cows cheese	37.7%	62.3%
White goat cheese	29.1%	70.9%
White cheese from mixed milk	30.4%	69.6%
Yellow cheese	42.2%	57.8%
Yellow cheese from sheep milk	63.7%	36.3%
Yellow cheese from cows milk	41.3%	58.7%
Yellow cheese from mixed	51.5%	48.5%

milk		
Yogurt	58.0%	42.0%
Yogurt from cows milk	57.2%	42.8%
Yogurt for drinking	81.6%	18.4%
Source: MinAg Statistical Bulletin # 98		

Table #8. Manufacturing of major dairy products in 2004 and 2005

Manufacturing of major dairy products in 2004 and 2005				
Products	2004 output	2005 output	Number of establishments producing the respective product in 2005	Change in volume 2005/2004 in %
Fluid packaged milk, 000 liters	36,131	44,533	87	23.3%
Cream	1,284	1,605	80	25.0%
Butter and butter oils	1,223	3,688	NA	201.6%
Yogurt (from all types of milk), MT	137,338	141,992	131	3.4%
Flavored yogurt and dairy desserts, MT	10,032	12,357	14	23.2%
Cheeses(from all types of milk, MT	83,989	86,555	250	3.1%
Including:				
White cheese in brine	47,484	50,257	NA	5.8%
Yellow cheese	30,858	28,130	NA	-8.8%
Fresh cheese	4,302	NA	NA	NA
Source: MinAg Statistical Bulletin # 98				

Table #9. Imports and exports of milk and dairy products in 2004, 2005 and 2006 (first half), MT

Imports of milk and dairy products in 2004, 2005 and 2006 (first half), MT				
	2004	2005	2005 (first half)	2006 (first half)
HS# 0401 Milk and cream	198	183	82	167
Germany	51	52	25	42
France	137	128	56	62
HS# 0402, Milk and cream, concentrated	12,168	8,380	3,941	4,087
Ukraine	2,287	1,893	867	700
France	1,335	538	284	436

Czech Republic	1,068	580	107	881
HS# 0403 Yogurt	75	129	35	75
Germany	70	118	33	54
Poland	3	8	1	19
HS# 0404 Whey	5,845	6,668	3,305	4,022
Czech Republic	1,336	687	324	339
France	367	537	204	825
Croatia	1,535	925	557	393
Slovakia	706	970	470	412
Greece	532	1,587	677	1,005
HS# 0405 Butter and butter oils	2,040	1,861	1,329	876
Germany	1,313	1,363	951	541
France	295	176	173	170
HS# 0406 Cheese	4,107	3,723	1,753	1,678
Germany	840	858	403	460
Poland	283	414	176	224
Ukraine	1,346	552	234	304
Total imports of dairy products	24,433	20,944	9,995	10,905
Exports of dairy products, MT				
HS# 0401	225	266	115	117
Bosnia and Herzegovina	59	109	51	44
HS# 0402	76	28	15	60
HS# 0403	108	239	62	406
HS# 0404	2.5	6	3	1.3
HS# 0405	149	2,366	1,270	561
Greece	0	2,312	1,224	535
HS# 0406	15,228	15,899	7,461	6,124
USA	3,427	3,876	1,668	1,474
Greece	4,448	5,811	3,029	2,004
Lebanon	1,650	1,550	489	546
Total exports of dairy products	15,788	18,804	8,926	7,269

Table #10. Trade in dairy products in 2005, in MT

Trade in dairy products in 2005, in MT			
Imports		Exports	
Fluid Milk HS# 0401100000			
France	32	Russia	3
Germany	11	Other	4
Total	43	Total	7
HS# 0401200000			

France	48	Romania	35
Germany	6	Albania	6
Poland	1	Other	46
Total	56	Total	122
Total fluid milk	99		129
Butter and butter oil			
HS# 0405 100000			
Germany	1,311	Serbia	20
France	120	Albania	20
Holland	54	Other	11
Romania	47		
Total	1,588	Total	51
HS# 0405 900000			
Czech Republic	71	Greece	2,252
Austria	57		
France	55		
Belgium	31		
Total	220	Total	2,253
Total butter and butter oil	1,808		2,304
Cheese			
HS# 0406 200000			
Denmark	30		
Italy	5		
Germany	5		
Total	45		No exports
HS# 0406 300000			
Germany	258	Saudi Arabia	72
Poland	177	UAE	22
Czech Republic	144	Jordan	16
France	130	Lebanon	16
Russia	121	Sudan	11
Hungary	42	Bahrain	10
Austria	26	USA	2
Total	907	Total	153
HS# 0406 400000			
Germany	219		
Austria	32		
Denmark	22		
Total	284		No exports
HS# 0406 900000			
Ukraine	325	USA	3,872
Hungary	237	Greece	3,554
Germany	208	Lebanon	1,543
Poland	110	Australia	1,507

Romania	96	Germany	544
Australia	68	Macedonia	421
Greece	48	Serbia	393
USA	33	Canada	238
Total	1,310	Total	13,475
Total cheese	2,546		13,628
Non-fat dry milk HS# 0402 100000			
Ukraine	1,890	Other	15
Holland	869		
Poland	780		
Romania	721		
France	509		
Germany	391		
Belgium	350		
Moldova	293		
USA	28		
Total	6,477	Total	15
Dry whole milk and cream HS# 0402 210000			
Holland	563	Other	2
Czech Republic	338		
New Zealand	128		
Romania	120		
France	29		
Moldova	26		
Total	1,267	Total	2
HS# 0402 290000			
Moldova	15		
Total	15		No exports
Total dry whole milk and cream	1,282		2

Table #11. Milk and dairy products TRQs in 2006, MT

Milk and dairy products TRQs in 2006, MT				
HS#	Products	Duty	Size of TRQ	Use as of October 16
WTO, January 1- December 31, 2006				
0402 10	Powder milk	15	200	199
0404 10	Whey	25	200	0
0405	Butter	30	1,500	682
0406 10, 20, 30	Cheeses	17.5	1,000	213
0406 90	Cheese for processing	25	400	230
Autonomous TRQ for 2006, January 1- December 31, 2006				

0404 10020	Whey in powder	0	520	520
040590100	Butter	0	300	185
EU, July 1, 2006-June 31, 2007				
0402 10, 21	Powder milk	0	3,000	3,000
0403	Yogurt	10	300	0
0405	Butter	20	100	100
0406	Cheese	0	3,600	2,178
Source: Bulgarian Customs Agency				

Attachment #1. Local dairy legislation

Regulation #51 for the national reserve, individual milk quotas, approved collectors/buyers and procedures for purchasing of milk (Official Gazette #44, May 30,2006)
Regulation #6 about the monitoring of produced and sold cows milk and dairy products from cows milk (Official Gazette #50 of June 17, 2005 and its revision in edition #44 of May 30,2006)
Law for support of agricultural producers (Official Gazette # 58/May 22, 1998 and #30/April 11, 2006)
Veterinary Medical Act (Official Gazette #87/January 11, 2005 and May 2, 2006)
Food Law (Official Gazette #90/October 15, 19999 and #51/June 23, 2006)
Regulation #45 about specific requirements to official control on animal origin foods (Official Gazette #35/April 28, 2006, effective since September 1, 2006)
Regulation #36 about requirements to production, transportation and release to the market of animal origin products (Official Gazette #35, April 28, 2006)
Regulation about the names and labeling of milk and dairy products (Official Gazette #11/February 11, 2004).

Attachment #2. Domestic support

1. Subsidy for prime quality milk: 0.05 leva/liter for cows milk; 0.07 leva/liter for buffalo, sheep and goat milk; for less developed regions of Rodopi mountains, northwest Bulgaria and Strandja-Sakar area, the above subsidy is increased with 0.01 leva/liter. In 2005, total 9.9 million leva were spent under this program for 183,753 thousand liters of milk.

2. Subsidy for feeding of breeding animals and to support breeding associations, total 8.0 million leva. In 2005, the allocation under this program was 5.0 million leav of which 4.4 leva were used.

3. Target subsidy for imports of breeding dairy cows, ewes and he-goats, 520,000 leva. In 2005, total 800,000 leva were used under this program.

4. Subsidy to support farmers who have purchased pregnant breeding dairy animals in less developed regions of Rodopi mountains, Northwest Bulgaria and Strandja-Sakar area, 194,430 leva;

5. Investment program “Livestock”, soft term credits for various type of investment at livestock farms, 15 million leva. In 2005, total 108 projects were supported for 3.6 million leva; in the first half of 2006, total 39 projects were approved for 1.6 million leva;

6. Export subsidies (see exports section)

7. EU-SAPARD investment program:
Measure 01 (investment at farms). In the first half of 2006, total 28 investment projects were approved for 21 million leva subsidy.
Measure 02 (improvement of marketing and processing of ag products), total 31 projects were approved in the first half of 2006 for 81 million leva;
Measure 04 (establishment of producers organizations)- two such projects were approved to date. More details can be found at www.mzgar.government.bg/sapard

Attachment #3. Methodological notes on PSDs:

Milk PSD: Please, note that the milk used for feeding is usually under the category of "other use on farms" in the local statistics (Table 3,4). The other two categories of milk which are also included in the consumption pattern are "direct sales from farms" which is a type of trade for human consumption in rural areas; and "own on-farm consumption" which is milk for human consumption usually given to workers as in-kind payment. All data in the PSD is given in metric tons while local statistical data are either in thousand liters or MT. The index of 1.03 is used to convert liters in tons for all milk.

Cheese PSD: As per reporting instructions, the cheese production reported in the PSD excludes fresh cheese. The volume of fresh cheese production for 2005 is not available (Table 8) but it is estimated as higher than in 2004, about 6,000 MT or total 80,000 MT of non-fresh cheese as shows in the PSD table.

Butter PSD: Local production is small (Table 8), butter oils are converted into butter as per reporting instructions.

Non-fat Dry Milk PSD: There is no official data about this type of production since it is negligible. An FAS office estimate of about 1,000 MT local production is used at the PSD.

Whole Milk Powder PSD: Bulgaria does not produce whole milk but is producing cream which is reported in the PSD table (see Table 8).

Trade data in PSD: Trade figures in PSDs are given as per reporting instructions for the EU members states and include only extra EU 25 figures. For this reason, supply does not balance the demand. Actual trade figures per country, EU and non-EU, are given in Table #10, only for required HS#. Total dairy trade data, all HS#, per country, is in Table #9.